as deposits or invested in treasury bills and other monetary instruments with maturities not exceeding one year.

(ii) The proceeds of the issue may also be kept as foreign currency deposits with Authorised Dealers and/or Public financial institutions in India.

Lapsing insurance policies

1666. SHRI SUNDER SINGH BHANDARI: Will the Minister of FINANCE be pleased to state:

(a) whether crores worth insurance business is getting lapsed every year on account of lapse of policies in their very first year of introduction, if so, the yearly amount and cases for the last three years;

(b) the reasons for the lapse of policies both under ordinary and monthly salary saving schemes; and

(c) what steps have been taken to arrest the lapses?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.P. VEERENDRA KUMAR): (a) It has been reported by the LIC that they do not generate information on the policies which get lapsed on account of non-payment of premiums which become due in the first year and that the outer limit for the first year lapsation ranges between 15.4% and 17.6%. The LIC issued over one crore policies in each of the last three years, the details of which are given below:—

Year	No. of Policies	Sum Assured (Rs. in crores)	Annual Premium Receivable (Rs. in crores)
1993-94	1,07,25, 633	41,813.83	2,507.73
1994-95	1,08,74,682	55,228.50	2,533.90
1995-96	1,10,20,825	51,815.54	2,813.63

(b) It has been reported that factors such a changes in income, availability of alternate investment options and clients' preferences are mainly responsible for such lapsation.

(c) The steps taken by LIC to arrest lapses are given below:—

(i) In case of non-Salary Saving Scheme, Notices are issued to policy holders reminding them to make payment of premium in time.

(ii) Grace period of 15 days for monthly mode and 30 days for quarterly, half-yearly and yearly mode of payment are given to policyholders to make payment of premium without interest.

(iii) Notices are also issued to defaulters if premium remain unpaid for 3 months from due date.

(iv) Final lapsation notices are also issued to policyholders after six months for due date, advising them to revive policies.

(v) The Corporation conduct Special Revival Compaigns during specific period every year, when concessions are given to policyholders in the form of partial waiver of interest and liberalised revival requirements.